



Recommendation for Action

File #: 19-1395, **Agenda Item #:** 12.

3/28/2019

Posting Language

Approve an ordinance authorizing negotiation and execution of all documents and instruments necessary or desirable to purchase in fee simple approximately 87 properties at high risk of flooding within the Onion Creek Watershed in a total amount not to exceed \$45,000,000, establishing acquisition and relocation guidelines, and waiving requirements of City Code Chapter 14-3.

Lead Department

Office of Real Estate Services.

Fiscal Note

Funding in the amount of \$30,800,000 is available in the Fiscal Year 2018-2019 Capital Budget of the Watershed Protection Department. Additional funding of \$14,200,000 will be available in future years. A fiscal note is attached.

Prior Council Action:

March 22, 2018 - Council approved Ordinance 20180322-18 authorizing the City Manager to acquire approximately 50 properties at high risk of flooding near Pinehurst Drive and Wild Dunes Drive in the Onion Creek Subdivision.

August 3, 2017 - Council approved Ordinance 20170803-025 authorizing the City Manager to acquire ten flood-damaged properties near Pinehurst Drive and Wild Dunes Drive in the Onion Creek Subdivision.

April 13, 2017 - Council approved Resolution 20170413-023 directing the City Manager to pursue the acquisition of ten flood-damaged properties near Pinehurst Drive and Wild Dunes Drive in the Onion Creek Subdivision.

May 19, 2016 - Council approved Resolution 20160519-045 directing the City Manager to identify potential funding sources, estimated at no more than \$5,000,000, for the acquisition of flood-damaged properties in the vicinity of Pinehurst Drive and Wild Dunes Drive in the Onion Creek Subdivision.

For More Information:

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Council Committee, Boards and Commission Action:

The Environmental Commission voted to recommend immediate implementation of the flood risk reduction buyout project as recommended by staff at their December 6, 2017 meeting.

Additional Backup Information:

The Onion Creek Watershed experienced severe flooding in 1998, 2001, 2013, and most recently, in October 2015. In response to the 2013 Halloween Flood and at the direction of City Council (Resolution 20140515-028), the Watershed Protection Department initiated a comprehensive Onion Creek floodplain study to reevaluate the flood risk reduction options within the Onion Creek subdivision. The study identified

approximately 138 homes in the Onion Creek subdivision at risk of flooding during a 100-year flood event. The study considered and evaluated structural and non-structural flood risk reduction options, including constructing detention ponds upstream of the project area, constructing floodwalls within the impacted area, implementing channel modifications and channel clearing, and the removal of flood-prone houses from the floodplain. The evaluation of each alternative was based on several criteria which included: the ability to cost-effectively reduce the risk of flooding to homes, the amount of time a project would require to be implemented, stakeholder input, the complexity of regulatory approvals, and environmental impacts. The conclusion of the study was that the acquisition and removal of houses at risk of flooding is the most effective flood risk reduction alternative for this area. The Watershed Protection Department concurs with the study's conclusion. The current cost estimate for the project is \$82,500,000. The project cost estimate includes all the expenses for the 138 houses at risk of flooding and an additional eight houses that are surrounded by flood-prone properties within the project area, for a total of 146 houses. The project cost estimate includes all expenses associated with the buyout, including, but not limited to, appraisals, acquisition and closing costs, replacement housing benefits and moving expenses, asbestos and lead testing, and abatement and demolition.

The Watershed Protection Department initiated a phased implementation of the project in August 2017. The number of properties and associated projected costs identified in each phase is shown below:

Phase	Number of Properties	Anticipated Cost of Items Associated with Fee Simple Acquisition	Anticipated Total Cost
Recovery Buyouts	10	\$4,000,000	\$4,400,000
Phase 1	49	\$25,000,000	\$27,800,000
Phase 2	79	\$41,000,000	\$45,700,000
Phase 3	8	\$4,000,000	\$4,600,000
Total	146	\$74,000,000	\$82,500,000

The number of properties in the recovery phase was based upon direction from City Council. The number of properties in Phase 1 was determined based on the availability of funding in the FY18 budget. The number of properties in Phase 2 constitutes the remaining houses at risk of flooding in the project area, and Phase 3 is the eight additional properties that are surrounded by flood-prone properties. The anticipated total project cost for Phases 2 and 3 is \$50.3M, of which \$45M is associated with the fee simple acquisition of the properties.

At the direction of City Council (Ordinance 20170803-025), the Watershed Protection Department offered recovery buyouts to 10 homeowners in the Pinehurst neighborhood. The City has since acquired nine of those properties. Ordinance 20180322-18 authorized Phase 1 of the project, the purchase of approximately 50 properties in the project area. As of January 24, 2019, the City has made 48 offers to homeowners and acquired 30 properties as part of Phase 1. As the buyouts proceed, the Watershed Protection Department will work with the neighborhood and other City departments to identify potential uses of the acquired properties that are desirable to the neighborhood and compatible with their location in the floodplain.

Prioritization of the homes is based on the degree of flood risk at each house, which is consistent with the City's implementation of buyouts in the Lower Onion Creek and Williamson Creek areas, as well as Phase 1 of this project. Owners of eligible properties will have the option to participate in the buyout project. The City will acquire these properties under the guidelines of the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Authorization to acquire properties through condemnation proceedings is not included in this request.